

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FBOE-00 USIA-15 SY-05 OC-06 CCO-00

A-01 /037 W

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FM AMCONSUL SYDNEY

TO SECSTATE WASHDC 7720

AMEMBASSY CANBERRA

INFO USIA WASHDC

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E.O. 11652: N/A

TAGS: AFSP, ASEC, ACOM

SUBJ: NEW SYDNEY CONGEN OFFICES

REF: STATE 163830

1. WE ARE MOST PLEASED THAT THE DEPARTMENT AGREES IN PRINCIPLE TO THE DESIRABILITY OF MOVING CONGEN'S OFFICES AT THIS TIME GIVEN THE EXTREMELY REASONABLE RATES WHICH ARE CURRENTLY AVAILABLE AND THE EXISTENCE OF A BUYER'S MARKET WHICH MAY NOT RECUR FOR MANY YEARS. A LOCAL ARCHITECT HAS UNDERTAKEN TO DO PRELIMINARY DESIGN DRAWINGS FOR OUR OFFICES BASED ON THE FLOOR PLANS OF BOTH THE T & G BUILDING AND TOWN HALL HOUSE (THH). HE IS DOING SO AT NO EXPENSE TO US AND WITHOUT OBLIGATION, BUT OBVIOUSLY IN THE HOPE THAT HE MAY BE CONSULTED AND HIS SERVICES UTILIZED WHEN THE FINAL DECISION HAS BEEN MADE. WE ARE PURSUING NEGOTIATIONS WITH THE OWNERS OF BOTH BUILDINGS TO DETERMINE WHAT THE FINAL AND LOWEST OFFER IS FROM EACH ONE.

2. I HELD PRELIMINARY NEGOTIATIONS WITH T&G OWNERS JULY 28. THEY HAVE LOWERED THEIR ASKING PRICE TO DOLS 8.00 PER SQUARE FOOT INCLUDING CLEANING FOR THE 36TH AND 37TH FLOORS. THEY ARE PREPARED TO CONTRIBUTE UP TO DOLS 30,000
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FOR THE PARTITIONING OF ONE COMPLETE FLOOR AND WILL LOAN US THE MONEY TO COMPLETE THE FITTING OUT OF THE ENTIRE SPACE TO BE REPAID OVER THE LIFE OF THE LEASE, IF WE WISH. THEY WILL ACCEPT A BASIC 10 YEAR LEASE WITH NO RENT REVIEW FOR 5 YEARS AND ADDITIONAL OPTIONS AT THE END OF THE 10 YEAR PERIOD FOR ESSENTIALLY ANY PERIOD WE DESIRE. THEY WOULD BE PREPARED TO ACCEPT A LOWER RENT FOR LOWER

FLOORS OF THE BUILDING, BUT AT THIS MOMENT ARE IN NEGOTIATION WITH ONE MAJOR TENANT TO OCCUPY PRACTICALLY THE ENTIRE BALANCE OF THE STRUCTURE APART FROM THOSE FLOORS RETAINED BY T&G ITSELF. CONSEQUENTLY, THEY WOULD PREFER THAT WE CONCENTRATE OUR ATTENTION ON THE 36TH AND 37TH FLOORS. IF WE FEEL THAT BEING ON THE TOP FLOOR OF THE BUILDING IS A MAJOR CONSIDERATION, THEY HAVE INDICATED THAT THEY WOULD BE PREPARED TO LEASE US UP TO 9,000 SQUARE FEET ON THE 38TH FLOOR (THE BALANCE OF THE 38TH FLOOR IS RESERVED FOR THE T&G BOARD ROOM). THIS OFFER OF DOLS 8.00 A SQUARE FOOT COMPARES TO DOLS 12.00 A SQUARE FOOT ACTUALLY BEING PAID

FOR A RECENT CONTRACT OF THE TOP FLOORS OF THE AMP BUILDING WHICH IS A TOP-QUALITY BUILDING COMPARABLE IN EVERY WAY IN QUALITY, CONSTRUCTION AND PRESTIGE TO THE T&G. NEVERTHELESS, I BELIEVE THAT T&G OWNERS WOULD BE PREPARED TO COME DOWN SOMEWHAT FURTHER, PARTICULARLY IF THEIR NEGOTIATIONS WITH THEIR OTHER LARGE PROSPECTIVE TENANT ARE SUCCESSFUL. THEY PRACTICALLY INVITED US TO MAKE A COUNTEROFFER IF THIS "FINAL" OFFER OF THEIRS WAS UNACCEPTABLE TO THE USG. THEY WOULD LIKE VERY MUCH TO HAVE US AS TENANTS. THEY WOULD BE WILLING TO ACCEPT PAYMENT NOW AND TO NEGOTIATE AN APPROPRIATE DISCOUNT FOR PREPAYMENT. I HAVE NO DOUBT THAT WE COULD ARRANGE TO TAKE OCCUPANCY ON APRIL 1 AND MIGHT BE ABLE TO MAKE IT AS LATE AS

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JULY 1, 1978, THEREBY ELIMINATING MOST OR ALL THE PERIOD OF DOUBLE RENT PAYMENTS.

3. I STRONGLY PREFER THE T&G BUILDING TO THH FOR A NUMBER OF REASONS. WHILE I APPRECIATE THAT THE LESSER INITIAL COST OF THH ARGUES IN FAVOR OF A DECISION FOR THAT LOCATION, I WOULD LIKE TO BE SURE THAT ALL FACTORS ARE BEING CAREFULLY CONSIDERED SINCE IT IS CERTAINLY NOT OUR INTENTION TO MOVE THE CONSULATE GENERAL AGAIN FOR MANY YEARS TO COME. CONSEQUENTLY, I WOULD LIKE TO STATE FOR THE RECORD SOME OF OUR REASONS FOR CONTINUING TO PREFER T&G BUILDING AND FOR FEELING THAT THE INITIAL HIGHER RENTAL MAY BE RECOMPENSED IN LONG TERM ADVANTAGES.

4. FIRSTLY, THH IS, AS WE HAVE ALREADY NOTED, OWNED BY THE CITY COUNCIL OF SYDNEY. "CITY HALL" WOULD THUS BE OUR LANDLORD AND WE WOULD INEVITABLY BE SOMEWHAT MORE INHIBITED IN FUTURE NEGOTIATIONS WITH THE OWNERS THAN WOULD WE BE IN A BUILDING OWNED AND MANAGED BY A COMMERCIAL ORGANIZATION. WE ENJOY EXTREMELY GOOD RELATIONS WITH THE CURRENT SYDNEY CITY COUNCIL AND LORD MAYOR, BUT THE ELECTION CAMPAIGN FOR A NEW COUNCIL IS ALREADY UNDERWAY,

AND THE CITY ELECTORAL DISTRICTS HAVE BEEN REDISTRIBUTED BY
THE STATE GOVERNMENT WHICH IS OF THE OPPOSITE PARTY.

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WE MAY, THEREFORE, HAVE A NEW CITY GOVERNMENT WITHIN A
YEAR WHICH FOR ONE REASON OR ANOTHER COULD BE DISSATISFIED
WITH THE ARRANGEMENTS WE HAVE NEGOTIATED WITH ITS
PREDECESSOR. WHILE WE ARE NOT SEEKING TO BORROW TROUBLE
BY RAISING THIS POINT, WE DO FEEL IT IS A VALID ONE WHICH
SHOULD BE CONSIDERED IN LONG-RANGE PLANNING.

5. INsofar AS LOCATION IS CONCERNED, IT IS TRUE THAT
THH IS ONLY 4 BLOCKS FROM THE T&G BUILDING. HOWEVER,
T&G IS CLEARLY WITHIN THE BUSINESS DISTRICT, FACING
HYDE PARK AND WITHIN A SHORT WALK OF THE FINANCIAL
DISTRICT AND MAJOR BANKS. THH, ALTHOUGH LOCATED IN THE
HANDSOMELY DESIGNED MUNICIPAL SQUARE ADJACENT TO THE
TOWN HALL, MUST BE CLASSED AS OUTSIDE THE MAJOR BUSINESS
DISTRICT. IT FACES ON A RATHER RUNDOWN COMMERCIAL AREA
LEADING DOWN THE HILL TO THE DOCKS AND IS ADJACENT TO
THE GEORGE STREET ENTERTAINMENT DISTRICT, SYDNEY'S 42ND
STREET. BOTH LOCATIONS ARE VERY CONVENIENTLY LOCATED
FOR PUBLIC TRANSPORTATION. (EACH ONE IS CONNECTED BY
TUNNEL TO AN ADJACENT SUBWAY STATION.) HOWEVER, PUBLIC
PARKING IS MUCH BETTER NEAR THE T&G BUILDING AND THE
PRINCIPAL UNDERGROUND PARKING LOT IN SYDNEY IS JUST ACROSS
HYDE PARK. T&G BUILDING HAS AN EXTREMELY HANDSOME
TWO-STORY LOBBY AND ITS CARPETING, INTERIOR FINISH AND WINDOWS

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ARE SUPERIOR TO THH. THH HAS NO LOBBY AND THE ENTRANCE IS RATHER DIFFICULT TO LOCATE UNLESS ONE IS FAMILIAR WITH THE LAYOUT OF THE ENTIRE TOWN HALL SQUARE COMPLEX. WHEN ONE LOOKS AT THE SQUARE FROM THE TOWN HALL SIDE, THH IS, IN EFFECT, COMING IN THE BACK DOOR.

6. FROM A SECURITY POINT OF VIEW, WE AGREE THAT THERE IS AN ADVANTAGE IN HAVING THE TOP FLOOR OF THH. HOWEVER, WE HAVE NOW BEEN OFFERED PART OF THE TOP FLOOR OF T&G, IF THIS IS A MAJOR CONSIDERATION. A VALID ARGUMENT CAN BE MADE THAT TOWN HALL SQUARE ON WHICH WE WOULD BE SITUATED IS THE FAVORITE SITE FOR POLITICAL DEMONSTRATIONS. ONE OR ANOTHER GROUP FOREGATHERS THERE TWO OR THREE TIMES A WEEK. WHILE THESE DEMONSTRATIONS ARE PEACEFUL BY-AND-LARGE, THEY OFTEN SERVE AS ASSEMBLY POINTS FOR SUBSEQUENT MARCHES ON ONE OF THE LOCAL CONSULATES TO DEMAND REDRESS OF THEIR GRIEVANCES. WITHIN THE LAST TWO WEEKS TWO SETS OF DEMONSTRATORS HAVE MARCHED TO THIS OFFICE FROM TOWN HALL SQUARE ASSEMBLY POINTS, DEMANDING INDEPENDENCE FOR CROATIA AND TURKISH WITHDRAWAL FROM CYPRUS. HAVING THE CONSULATE LOCATED RIGHT ON TOWN HALL SQUARE WOULD MAKE THINGS MORE CONVENIENT FOR DEMONSTRATORS WHO FIND IT DIFFICULT TO GIVE FULL VENT TO THEIR EMOTIONS WHILE STANDING IN THE MIDDLE OF A BUSY STREET, SUCH AS THE ONE ON WHICH WE ARE NOW LOCATED, OR THE EVEN BUSIER AND WIDER ONE WHICH RUNS IN FRONT OF THE T&G BUILDING. THE MAYOR HAS ALREADY LET THE CONTRACT TO COVER THE BOTTOM 10 FEET OF THH WITH A COATING WHICH WILL MAKE IT POSSIBLE TO ERASE SPRAY PAINT GRAFFITI.

7. THE SYDNEY TRADE CENTER DOES NOT CURRENTLY PLAN TO MOVE WITH US FROM ITS PITT STREET LOCATION. HOWEVER, THE SIZE AND FUNCTION OF THE TRADE CENTER IS STILL VERY MUCH A UNCLASSIFIED

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MATTER FOR DISCUSSION. WE ASSUME THAT IT WILL CONTINUE IN BEING AND THAT, WHEN ITS PRESENT HIGH COST LEASE EXPIRES, IT WILL WISH TO MOVE TO A CHEAPER AND BETTER LOCATION, PREFERABLY THE SAME PLACE AS THE CONSULATE GENERAL. NOT ONLY IS THERE NO SUCH SPACE AVAILABLE AT THH, BUT THE FREIGHT ELEVATOR IS TOO SMALL FOR THEIR NEEDS. THERE IS EXCELLENT SPACE AVAILABLE IN THE MALL OF THE T&G BUILDING WHERE PRELIMINARY INQUIRY BY THE TRADE CENTER HAS DISCLOSED THAT A VERY GOOD LOCATION IN A HIGH TRAFFIC AREA CAN BE RENTED FOR LESS THAN DOLS 10 A SQUARE FOOT VIS-A-VIS THE DOLS 15 A SQUARE FOOT WHICH IS NOW BEING PAID.

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8. AS FAR AS COSTS ARE CONCERNED, WE SUSPECT THAT THE T&G BUILDING'S PRICE CAN BE BEATEN DOWN SOMEWHAT FURTHER. WE WILL, OF COURSE, SEEK TO DO THE SAME AT THH IN THE FORTHCOMING NEGOTIATIONS WHICH WILL REVEAL WHAT THE BOTTOM PRICE IS FOR EACH LOCATION. AS ALL OF THE FOREGOING MAKES PERFECTLY EVIDENT, I PREFER THE T&G BUILDING. UNLESS I AM MISTAKEN, EVEN AT DOLS 8.00 A SQUARE FOOT, IT WOULD BE THE LOWEET COST PER SQUARE FOOT FOR ANY U.S. DIPLOMATIC

INSTALLATION IN AUSTRALIA. NEVERTHELESS, WE WILL PROCEED WITH NEGOTIATIONS ON BOTH BUILDINGS AND DO NOT MEAN TO IMPLY THAT THH, WHATEVER ITS RELATIVE DEFECTS ARE, IS NOT SUPERIOR TO OUR PREEENT LOCATION.

9. IN ANSWER TO THE QUESTION IN REFTEL CONCERNING SPACE ALLOCATION, WE ARE AWARE THAT THE SCANLON POSITION IS BEING ABOLISHED, BUT WE THINK YOU ARE IN ERROR CONCERNING THE PERMANENT ABOLITION OF THE POL/ECON OFFICER SLOT. ALTHOUGH SCANLON IS LEAVING, THE IRS WILL BE MOVING TO SYDNEY FROM CANBERRA WITH TWO OFFICERS AND A SECRETARY.

10. THE 24,105 GROSS SQUARE FOOTAGE REQUIREMENTS IN OUR MESSAGE WERE DEVELOPED FROM THE FBO ARCHITECTURAL DESIGN CRITERIA BOOKLET, JANUARY, 1975, USING MINIMUM SPACE
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REQUIREMENTS FOR EMPLOYEES AT CLASS IV EMBASSY (CONGENS NOT LISTED). USIS HAS NOW REVISED ITS REQUEST AND THE NEW PROJECTED TOTALS ARE NET 17,610 SQUARE FEET; HALLS, CORRIDORS, ETC. 9,072 SQUARE FEET; GROSS SPACE REQUIREMENTS 26,682 SQUARE FEET. WE ARE FORWARDING DETAILED BREAKDOWN BY SEPTEL. WE HAVE BEEN PROMISED THE ARCHITECT'S DRAWINGS TODAY AND WILL FORWARD THE TOTAL FOOTAGE THEY ENTAIL AND THE DRAWINGS THEMSELVES PROMPTLY.

11. ACTION REQUESTED: I WOULD VERY MUCH APPRECIATE THE EMBASSY'S VIEWS ON SOME OF THE CONSIDERATIONS ON THE RELATIVE MERITS OF THE TWO BUILDINGS WHICH I HAVE LISTED, SINCE SEVERAL EMBASSY OFFICERS HAVE NOW VISITED BOTH SITES. I WOULD ALSO LIKE PERMISSION TO MAKE A FIRM OFFER TO THE T&G OWNERS ONCE THE ARCHITECTURAL DRAWINGS HAVE BEEN RECEIVED AND APPROVED IN THE DEPARTMENT, TO RENT TWO FLOORS OF THE BUILDING AT DOLS 7.25 A SQUARE FOOT WITH THE OTHER TERMS AND CONDITIONS BEING THOSE SET FORTH IN PARAGRAPH 2 ABOVE. OCCUPANCY AND RENTAL PAYMENTS TO BEGIN NO EARLIER THAN APRIL 1, 1978, WITH APPROPRIATE DISCOUNT FOR PREPAYMENT TO BE NEGOTIATED. I WOULD PROPOSE TO STATE THAT FLOORS 25 AND 26, 29 AND 30, OR 36 AND 37 WOULD BE ACCEPTABLE TO US. (25 AND 26, AND 29 AND 30 ARE BELOW AND ABOVE A PLANT ROOM FLOOR AND WOULD OFFER ADVANTAGES FROM A SECURITY POINT OF VIEW IN THAT THE C&R OPERATION COULD BE BETTER ISOLATED.) I THINK THAT OFFERING THE OWNERS THIS CHOICE OF FLOORS WOULD MAKE IT EASIER FOR THEM TO GIVE US THE LOWER RENTAL FOR FLOORS 36 AND 37 WHICH ARE THE ONES THEY ARE REALLY INTERESTED IN RENTING SINCE THE MAJOR TENANT WITH WHICH THEY ARE NEGOTIATING IS APPARENTLY GOING TO OCCUPY ALL THE FOUR LOWER FLOORS MENTIONED.

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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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